

EVALUER INDEX

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ANALYSIS OF TRANSACTION PRICES
AND FORECASTS FOR THE RESIDENTIAL
MARKET IN POLAND

PRIMARY AND SECONDARY MARKET



EMMERSON
EVALUATION

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Introduction

Dear Readers,

We are pleased to present the Evaluator Index report on the housing market in Poland in the first half of 2023. The report examines residential markets in the largest Polish cities and presents the most important events of the past six months.

The past six months have changed the face of the real estate market. The results of the presented analysis show that after a period of smaller demand in the second half of 2022, the demand began to increase in the first half of 2023, despite historically high interest rates. An important stimulus prompting the recovery of the real estate market was the announcement of the entry into force of the 2% Safe Mortgage Loan program in the middle of the year and expected price increases, which we are currently witnessing.

We hope that you will enjoy this report and that it will help you better understand the real estate market situation in Poland. Should you wish to obtain a detailed analysis, or order studies of a different scope, please contact us.

Management Board of Emmerson Evaluation



ANALYSIS OF THE HOUSING MARKET IN THE FIRST HALF OF 2023

After a difficult 2022, which was characterized by a slowdown in sales and limited availability of mortgage loans on the housing market, the situation clearly improved in the first half of 2023. Since the beginning of this year, there has been a recovery on both the primary and secondary markets. The first six months of this year brought an increase in demand with a simultaneous decrease in supply and a visible boost in the housing loan market accompanied by increases in housing prices.

The increased demand for apartments in the first half of 2023 was heavily influenced by the announcement of the launch of the government's 2% Safe Mortgage Loan program on July 1, 2023. After the announcement of this program not only the beneficiaries of government support became very active in the housing market, but also buyers worried about price increases and selling out of cheaper properties. Potential customers who had previously held off buying an apartment due to low creditworthiness began showing up at sales offices.

Price increases in the markets analysed in the report compared to H2 2022 ranged from 2 to 13%. The announcement of the 2% Safe Mortgage Loan program did not cause dynamic price increases in H1 2023. However, it boosted demand, which, with limited supply, contributed to more pronounced price increases

from the beginning of the second half of the year.

The increased demand for apartments was also driven by lower inflation dynamics and a gradual recovery in the availability of mortgage loans. On June 19, 2023, the Financial Supervision Commission amended Recommendation S, which eased the approach to assessing creditworthiness. According to the FSC's decision, the minimum buffer level is currently 2.5 percentage points and applies to mortgage loans with a periodically fixed interest rate. In the first half of 2023, banks granted a total of 55,000 mortgage loans amounting to PLN 19.2 billion. Compared to the second half of 2022, this marks a 32% increase in the number of loans. Their amount, on the other hand, increased by more than 40%. It is worth noting that in June 2023 banks granted 11.4 thousand mortgage loans worth PLN 4.2 billion, setting a record in terms of both the number and total amount of mortgage loans over the past 12 months.

In the past six months, there was a clear acceleration of sales in the analysed markets and 61% more apartments were sold than in the second half of 2022. The sales result was better in the second quarter of 2023, when 23% more apartments were sold compared to the previous quarter. The main group of buyers in the first half of 2023 were cash customers, but the number of buyers taking a mortgage loan to purchase an apartment also grew.

A significant number of cash customers are investors treating the purchase of an apartment as a capital investment, as well as people from across the eastern border who, after a few or more months spent in Poland, decide to buy a property to meet their own housing needs. Currently small, one- or two-room apartments are most popular. This trend is noticeable both among buyers who perceive an apartment as an investment and those who buy a unit for their own needs. The interest in this type of apartments by the latter group is due to high overall prices, making smaller apartments more affordable.

The offerings in the cities analysed in the report at the end of June this year included almost 38,400 apartments. It is nearly 25% less when compared to the result at the end of 2022. The shrinking number of apartments offered by developers cannot meet the existing demand. In the first half of 2023, developers offered a total of new 14,543 apartments for sale in the cities analysed in the report, which is 26% more than in the second half of 2022. While analysing the first half of the year, a conclusion may be drawn that it was in its second quarter that developers introduced 43% more apartments onto the market than in the January-March period. Most of the large developers have a stock of apartments for which building permits have been obtained, but, watching the market, they are cautious to introduce new projects to their offerings. An additional impediment to new projects is time-consuming administrative procedures, as well as changing regulations that lengthen the period for launching and completing new investments. As a result, the current situation when demand is higher than the supply will only be aggravated, which will translate into a higher dynamics of housing price growth.

Price information

This analysis includes data on transaction prices. Readers of the report should note that a transaction price should be understood only as the price at which the purchase/sale transaction was made and which was recorded in the notarial deed at the stage of the preliminary or final agreement.

Median

In this report we use the median real estate transaction prices. The median (the so-called middle value, dividing the set into two equal parts) better reflects information on real estate prices than the average, because its result is not influenced by single values deviating considerably from most transactions typical for the whole set (such as the purchase of one luxury property). In this report, all prices are given per 1 sqm of usable floor area of an apartment (PLN/sqm). For both the primary and secondary market, reference is made to gross prices.

RESIDENTIAL MARKET IN POLAND

MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND HALF-YEARLY TREND OF PRICE CHANGES IN IH2023

Source: Evaluator data base

	primary market		secondary market	
	median price 1 sqm	trend IH23/ IIH22	median price 1 sqm	trend IH23/ IIH22
WARSAW	14,311	4%	13,033	2%
CRACOW	13,633	7%	11,229	5%
LODZ	9,589	6%	6,667	4%
WROCLAW	12,047	5%	10,173	4%
POZNAN	10,824	2%	8,571	5%
GDANSK	12,750	5%	11,065	2%
GDYNIA	13,372	3%	9,895	3%
SOPOT	22,133	2%	15,536	3%
KATOWICE	9,404	4%	6,572	3%
THE SILESIAN AGGLOMERATION (not incl. Katowice)	7,079	10%	5,096	2%

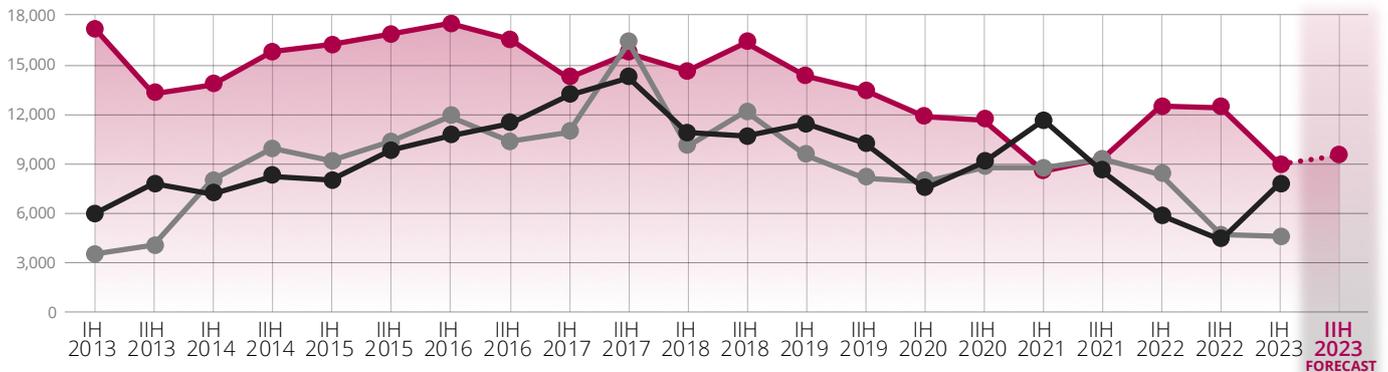
	primary market		secondary market	
	median price 1 sqm	trend IH23/ IIH22	median price 1 sqm	trend IH23/ IIH22
SZCZECIN	10,201	12%	7,815	2%
BYDGOSZCZ	8,616	8%	6,698	2%
LUBLIN	8,925	6%	8,151	5%
BIAŁYSTOK	8,665	5%	7,648	5%
TORUŃ	8,714	7%	7,459	3%
RZESZÓW	8,567	7%	8,021	8%
KIELCE	7,950	10%	6,666	5%
OLSZTYN	8,360	8%	7,225	5%
ZIELONA GÓRA	7,424	3%	6,501	7%
OPOLE	8,018	13%	7,043	6%
GORZÓW WLKP.	6,643	2%	5,754	6%

WARSAW

SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period
number of apartments introduced onto the market in the period
no. of apartments sold flats in the period



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period

Source: Emmerson Evaluation based on Evaluator data



The number of newly commissioned apartments in Warsaw in the first half of 2023 remains at a similar level as in the second half of 2022. At the end of June 2023, it amounted to 4,611 units, a decrease of just 1.3% compared to the result at the end of December 2022. The largest number of units were commissioned in the Ursus district (1,169), accounting for more than 25% of Warsaw's total new offering. Shares above 10% were also recorded in the Targówek, Praga Północ and Białołęka districts. In the districts of Śródmieście and Ursynów, no developments were put on the market in the first half of 2023.

In the first half of the year there were almost 9,000 units for sale on the primary market in Warsaw. This is 28% less than at the end of the second half of 2022 and the lowest result since the first half of 2021, when there were 8,515 units for sale. Despite a considerable decrease of the offering, the capital city is still the largest residential market in Poland. The largest number - 1,460 units - was recorded in the Białołęka district, accounting for more

than 16% of the capital city's offering. The districts of Wola, Mokotów and Ursus also had a large share. The smallest number of apartments on the primary market (less than 1% of Warsaw's offering) was recorded in the districts of: Śródmieście, Wesoła, Żoliborz and Ochota. Comparing the first quarter of 2023 to the second, the offerings decreased in 12 of the 18 districts. The largest quarter-on-quarter decrease in the number of available apartments was recorded in Białołęka (down by 558 units). Compared to the first quarter, at the end of June 2023, the offering of apartments in the primary market in Warsaw fell by 12%.

In the first half of 2023, 7,800 apartments were sold on the primary market in Warsaw. This is an increase of as much as 77% compared to the second half of 2022. Apartment sales thus reached a record high level since 2021. The largest share of apartment sales was recorded by the districts of Białołęka (15%), Ursus (13%) and Praga Południe (12%), while Śródmieście and Żoliborz districts recorded a smaller share (less than 0.5%).

Comparing the first quarter of 2023 to the second quarter, Warsaw saw a 24% increase in sales. During the period, sales rose in 14 of the 18 districts, with the largest increase in Białołęka (by 188 units). In the period January-June 2023, the first increase in the number of apartments sold was recorded after continuous declines recorded since the second quarter of 2021.

The Białołęka district was characterized by the largest offering and sales of apartments on the primary market. One of the factors explaining its popularity is the high availability of land, which makes it possible for developers to offer competitive housing prices. The district is also characterized by good access to green and recreational areas and a relatively well-developed infrastructure. The Ursus district also had a large offering and sales, with the largest number of apartments introduced onto the market in the first half of 2023. Like Białołęka, it is located on the outskirts of Warsaw. Ursus has large land reserves in post-industrial areas, so apartment prices there are also attractive for potential customers. Districts located in the center of Warsaw, such as Śródmieście, are characterized by a very small number of developers' investments due to the insufficient amount of land for development.

In Warsaw, at the end of the first half of 2023, the number of sold apartments exceeded the number of newly introduced units by more than 3,000, which resulted in a significant decrease in the offering of available apartments.

In the first half of 2023, the median unit price of apartments on the primary market in Warsaw amounted to PLN 14,311/sqm. Compared to the previous six months, it increased by 4% (PLN 553). The share of premium standard apartments in Warsaw's offer amounted to 9%, while the share of high standard apartments amounted to 39% of the offering. The most expensive apartments have invariably been located in the Śródmieście district for years.

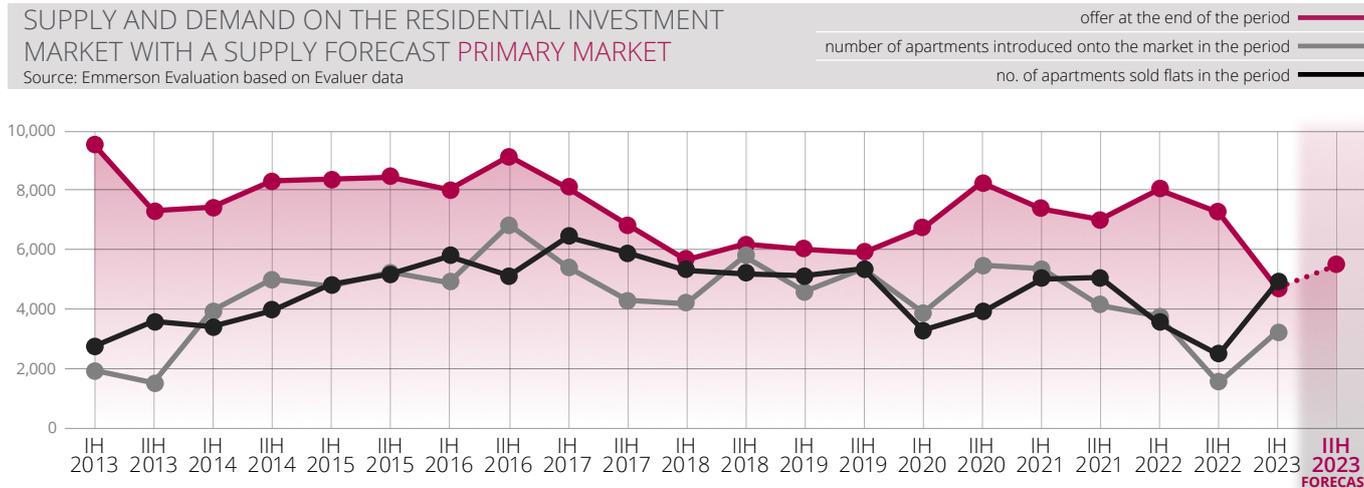
The secondary market has also seen an increase in prices. In H1 2023, the median price of 1 sqm in Warsaw amounted to PLN 13,033/sqm, which translates into an increase of 2% compared to H2 2022. The most popular apartments purchased in the traditional construction segment were units in the 40-65 sqm range, which accounted for 52% of the apartments sold.



CRACOW

SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

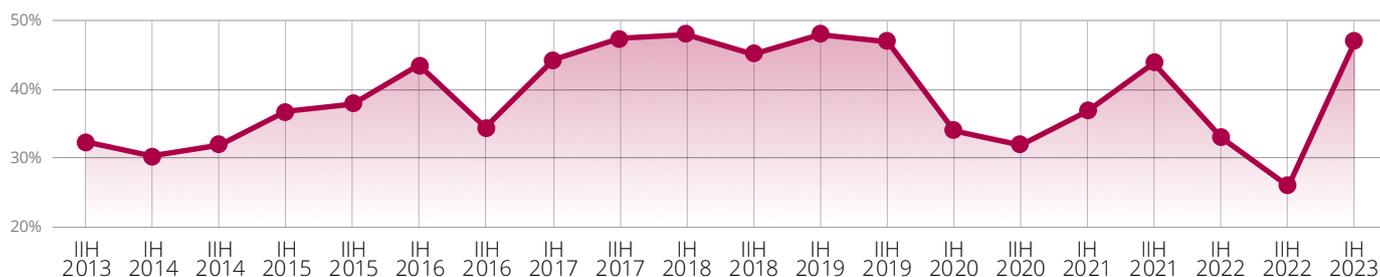
Source: Emmerson Evaluation based on Evaluator data



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period

Source: Emmerson Evaluation based on Evaluator data



In the first six months of 2023, 3,218 new apartments were introduced for sale in Cracow, which marks an increase of 110% when compared to the previous six months. Developers introduced new developments in 13 districts, with the largest share held by the Prądnik Biały and Podgórze districts (23% and 18%, respectively). The former is well connected with the rest of the city. Besides construction of new housing estates, service and recreational infrastructure is also developing there, making the area more attractive. Podgórze, on the other hand, especially in the part closer to the center of Cracow, where most of the residential developments are being built, is characterized by an extensive retail and service infrastructure. Cracow is currently struggling with insufficient investment land, which is the reason why a large number of developers' investments are located on the peripheries of the area of compact development. Other towns in the Cracow agglomeration, such

as Wieliczka and Skawina, are also developing according to a similar pattern.

In Cracow, which for many years has been the second largest residential market in Poland, the housing offering on the primary market included 4,697 units in H1 2023, which marks a 35% decrease compared to the previous six months. It is also the lowest value since 2013. Currently, cities such as Wrocław, Łódź and Poznań have a larger offering. In Cracow, the largest number of apartments (952) were located in the Prądnik Biały district, accounting for 20% of the offering. There was also a large share of units located in the Podgórze district, where 745 apartments were offered for sale (16% share of the city's offering). Comparing the first quarter of 2023 to the second, the offering of apartments on the primary market in Cracow fell by 19%.

In the first half of 2023, almost twice as many apartments were sold on the primary market in Cracow as in the second half of 2022. In the period January-June,

the number reached 4,912 and approached the level recorded in the second half of 2021. Comparing the result of the second quarter of 2023 to the first, the number of apartments sold in Cracow increased by 31%. Units in the districts of Podgórze and Prądnik Biały accounted for 21% and 19% of sales in the first half of 2023, respectively.

Despite the rebound in the number of newly commissioned and sold apartments from the lows registered at the end of the second quarter of 2022, there are still fewer newly introduced apartments than sold apartments. This translates into an unprecedented decline in the number of available apartments over the past 10 years, which has resulted in Cracow losing its title as the second largest residential market in terms of the size of offering in Poland.

The median price of apartments on the primary market in Cracow amounted in the first half of 2023 to PLN 13,633/sqm, an increase of 7% compared to the previous six months. The share of premium standard units on offer amounted to 3%, while the share of high standard units was 19%.

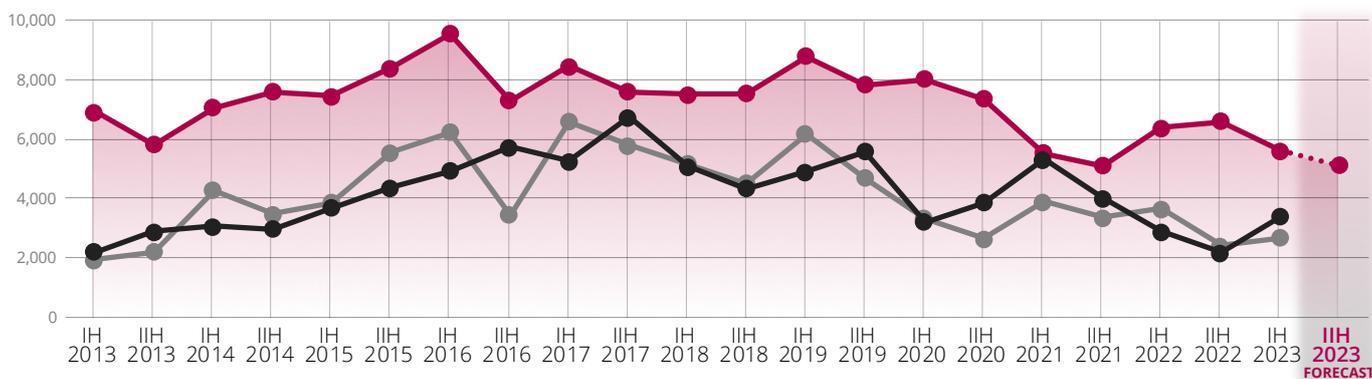
The secondary market in Cracow in the period under review was characterized by a lower dynamics of price changes compared to H2 2022 than the primary market. The median price increased by 5%. In June 2023, it amounted to PLN 11,229/sqm. 40-65 sqm apartments had the largest share in the traditional construction segment, accounting for about half of the transactions.

WROCLAW

SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period
 number of apartments introduced onto the market in the period
 no. of apartments sold flats in the period



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period
 Source: Emmerson Evaluation based on Evaluator data



The number of apartments newly introduced onto the market in the first half of 2023 in Wrocław increased by 10% compared to the previous six months and amounted to 2,677. Most of them were available in the Krzyki district, where developers commissioned 742 apartments, accounting for a 28% share in the city's offering.

In the Psie Pole, Old Town and Fabryczna districts, the share ranged from 20 to 25%. Krzyki is a very attractive district for potential buyers with plenty of green space and abundant retail and service facilities. There is also a high availability of investment land there.

In June 2023, Wrocław recorded the second-largest offering of apartments on the primary market among the analysed cities, overtaking Cracow, which previously held this position, by 900 units. In June 2023, the offering in Wrocław included almost 5,600 units, which, however, represents a decrease of 15% compared to the previous six months. Krzyki, with 1,926 apartments had the largest share of the entire city's offering i.e. 34%. The Old Town and Psie Pole districts accounted for 20% and 19% of the offering, while Fabryczna and Śródmieście accounted for 13% each. Compared quarter-on-quarter, the apartment offering increased by 2%.

In Wrocław, in the first half of 2023, a 54% increase in sales of apartments on the primary market was recorded compared to the previous six months. The period marked the first time since the second quarter of 2021 that an increase in the number of apartments sold was recorded after continuous declines. In the period January-June 2023, 3,380 units were sold (most in the Krzyki district - 34% share of sales). Quarter-on-quarter, apartment sales in Wrocław recorded a 16% increase.

In the first half of 2023, the median price on the primary market in Wrocław was PLN 12,047/sqm, which shows an increase of 5%, compared to H2 2022. High standard apartments had the largest share in the offering (41%). Premium standard apartments accounted for 19% of the offering.

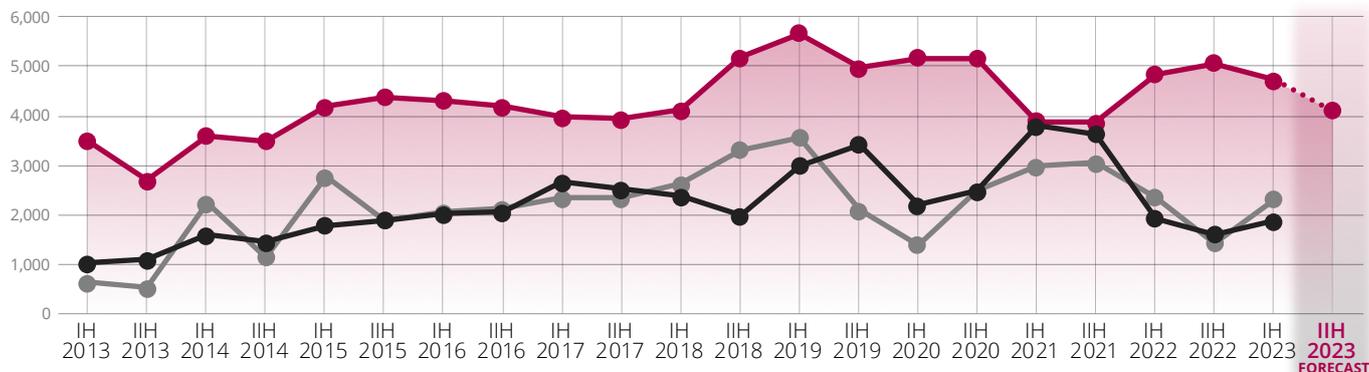
On the secondary market in Wrocław, a price increase of 4% was recorded compared to the previous six months. In June 2023, the median price of this type of housing amounted to PLN 10,173/sqm. The most popular apartments purchased in the traditional construction segment were units in the 40-65 sqm range, which accounted for about 57% of transactions.



SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period
number of apartments introduced onto the market in the period
no. of apartments sold flats in the period



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period

Source: Emmerson Evaluation based on Evaluator data



The number of newly commissioned apartments in Poznan in the first six months of 2023 increased by 62% compared to the previous six months, reaching 2,325 units. New developments were completed on the residential market in almost all districts, except for Wilda. The largest number of units appeared in the districts of: Nowe Miasto (819) and Old Town (778).

The former is characterized by an abundance of green and recreational areas, competitive real estate prices and relatively good availability of investment land. The Old Town, on the other hand, is one of the best-connected areas of Poznan and has good access to retail and service infrastructure.

The offering of apartments on Poznan's primary market in the first half of 2023 amounted to 4,723 units, down by 7% when compared to the previous six months. The district of Nowe Miasto had the largest share of available apartments - 1,325 units, i.e. 28% of the total offering. Grunwald, Old Town and Jeżyce districts had

relatively high, comparable shares of apartments for sale, between 20% and 25%. The Wilda district recorded only 113 apartments available for sale (2% of the city's offering). Comparing the first quarter of 2023 to the second quarter of 2023, the offering of apartments on the primary market in Poznan fell by 9%.

In Poznan in the first half of 2023, sales of apartments on the primary market increased by 16% when compared to the previous six months. In the period January-June there were 1,881 units for sale. The Grunwald district has largest share of sold apartments - 553 units, i.e. 29% of the total offering. The districts of Nowe Miasto and Jeżyce also have a large share in apartment sales (26% and 24%, respectively). Comparing the result of the first quarter of 2023 to the second, the number of apartments sold increased by 61%. In relation to other analysed cities, when we compare the increase in sales in H1 2023 to the second half of 2022, a conclusion can be drawn that Poznan was characterized by the lowest dynamics.

The median price of apartments on the primary market in Poznan at the end of the first half of 2023 was PLN 10,824/sqm, which is by 2% higher than in the previous six months. The structure of the offering was definitely dominated by units representing the typical standard, which accounted for nearly 90% of the available apartments.

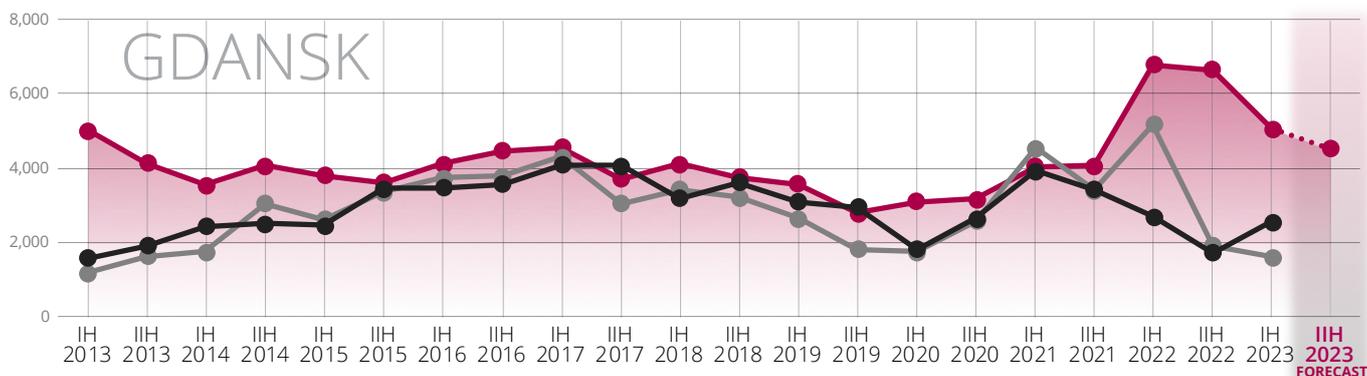
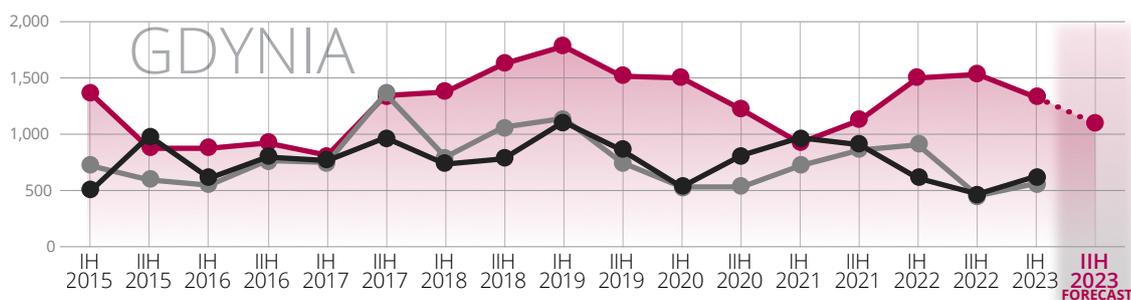
On the secondary market, the median price of apartments in Poznan in the first half of 2023 amounted to PLN 8,571/sqm, which marks a 5% increase compared to the previous six months. The most popular apartments were in the 40-65 sqm range. They accounted for about 53% of transactions in the traditional construction segment.

TRI-CITY

SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

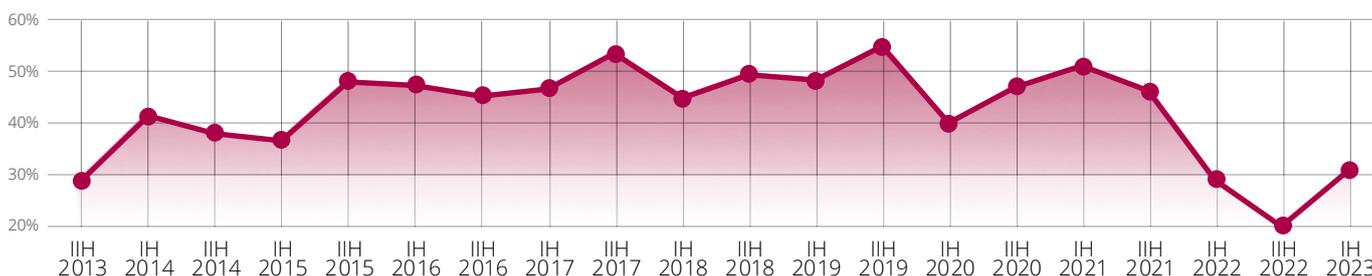
Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period
 number of apartments introduced onto the market in the period
 no. of apartments sold flats in the period



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period; The data presented concern Gdansk
 Source: Emmerson Evaluation based on Evaluator data



The number of newly commissioned apartments in Gdansk in H1 2023 decreased by 16% compared to the previous six months and amounted to 1,595 units, which is the lowest result since 2013. In Gdynia, on the other hand, the number of apartments introduced for sale in H1 2023 increased by 25% compared to H2 2022 and amounted to 555 units. Tri-City is an attractive location for buyers seeking housing for personal use, as well as for investment. Factors such as its proximity to the sea and the presence of a large number of universities, among others, mean that there are potential groups interested in both short- and long-term rental.

In Gdansk, the offering of apartments on the primary market in June 2023 included 5,064 units, which marks a decrease of 24% compared to the previous six months. This number is still higher than the average offering level recorded in 2013 - 2021 (before the 2022 record-highs) by more than 1,000 units. In Gdynia, the number of available apartments, compared to the previous six months, also decreased (however by 11 p.p. less than in Gdansk). At the end of June 2023 there were 1,333 units for sale.

In both Gdansk and Gdynia, sales of units in the first half of 2023 increased compared to the previous six months, by 49% and 35%, respectively. In the period January-June 2023, 2,546 units were sold in Gdansk and 624 units in Gdynia, where the number of units sold was close to the number of newly commissioned units. This means that developers aptly adjusted supply to the anticipated demand.

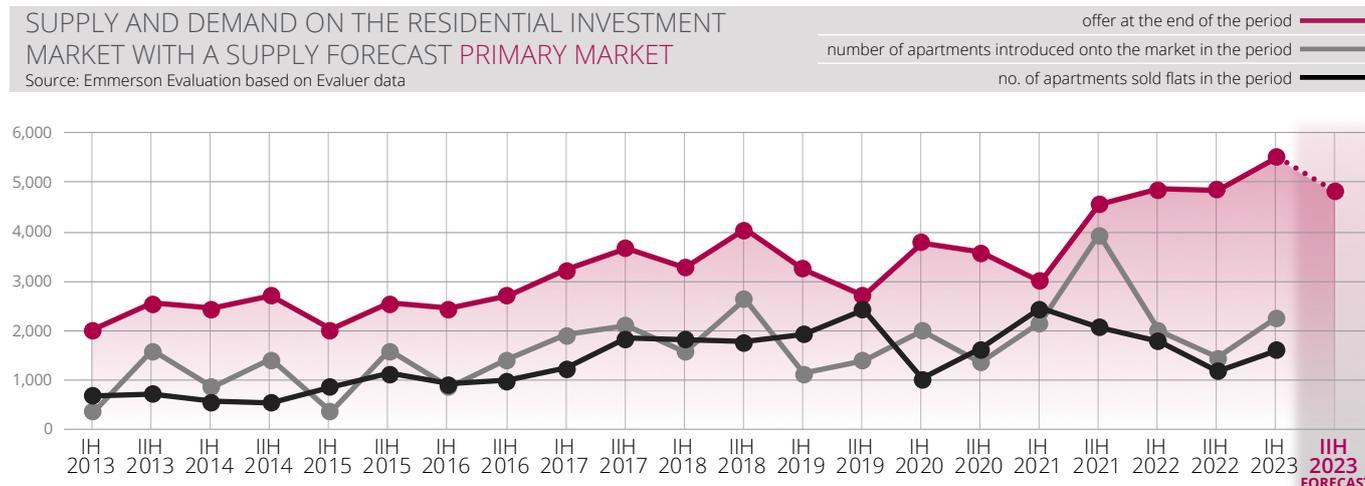
At the end of the first half of 2023, the median unit price of apartments on the primary market in Gdansk was PLN 12,750/sqm, up by 5% compared to the previous six months. Gdynia and Sopot also saw increases of 3% and 2%, respectively, translating into median prices of PLN 13,372/sqm and PLN 22,133/sqm, respectively. High prices in Tri-City are due to the decreasing availability of investment land in the area and the fact that this is a tourist destination. Apartments located closer to the sea reach higher prices. Typically, these are also premium investments. In Sopot, which achieves the highest median prices on the primary market, there were no investments of the typical standard. 97% of projects represented premium standard, while the remaining 3% represented high standard. In Gdansk and Gdynia, the share of premium developments for sale is lower at 45% and 47%, respectively.

An increase of prices was also recorded on the secondary market. In Gdansk, the median price on the secondary market in the first half of 2023 was PLN 11,065/sqm, which marks a 2% increase compared to H2 2022. In Gdynia and Sopot, the value also increased by 3% in each city and in June 2023 recorded levels of PLN 9,895/sqm and PLN 15,536/sqm, respectively. The most popular apartments purchased in the traditional construction segment were units in the 40-65 sqm range, which accounted for 59% of transactions in Gdansk and 57% of transactions in Gdynia.



SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period

Source: Emmerson Evaluation based on Evaluator data



The number of apartments newly introduced onto the Lodz market in the first half of 2023 increased by 57% compared to the previous six months and at the end of June amounted to 2,265 units. New developments appeared on the residential market in all of Lodz's 5 districts, with the Polesie district having the largest share of 45%.

It has good access to green and recreational areas, as well as retail and service facilities. It also has favourable transportation conditions, especially in an area closer to the center of Lodz.

Lodz is the only one of the analysed cities where the offering in the first half of 2023 increased. At the end of June, it amounted to 5,520 apartments, which translates into an increase of 14% compared to the previous six months. The offering increased in all districts, while the highest number of apartments available for sale was recorded in Polesie and Widzew, 2,026 and 1,752

units, respectively (37% and 32% share of the city's offering). Quarter-on-quarter, the number of available apartments increased by 13%. Compared to the other analysed cities, Lodz was the only city with an offering reaching a record-high during the period under review. The capital of the Lodz province continues to develop. Thanks to many revitalization projects and infrastructure upgrades, it has become a desirable place to live. Lodz also has a wide stock of investment land, which translates into a large number of residential projects. In Lodz, 1,615 apartments were sold on the primary market in the first half of 2023. This marks an increase of 36% compared to the previous six months. The largest number of units was sold in the Polesie district - 457 apartments, accounting for a 28% share of the total number of apartments sold in Lodz. Quarter-on-quarter, the level of apartment sales recorded a 10% increase.

The median price on the primary market in Lodz in the first half of 2023 reached PLN 9,589/sqm. This represents a 6% increase compared to the previous six months. There are no premium-standard units on offer, and 20% of available apartments offer a high standard.

The median price also increased on the secondary market. In June 2023, it amounted to PLN 6,667/sqm, which translates into a 4% increase compared to the previous six months. In the tra-

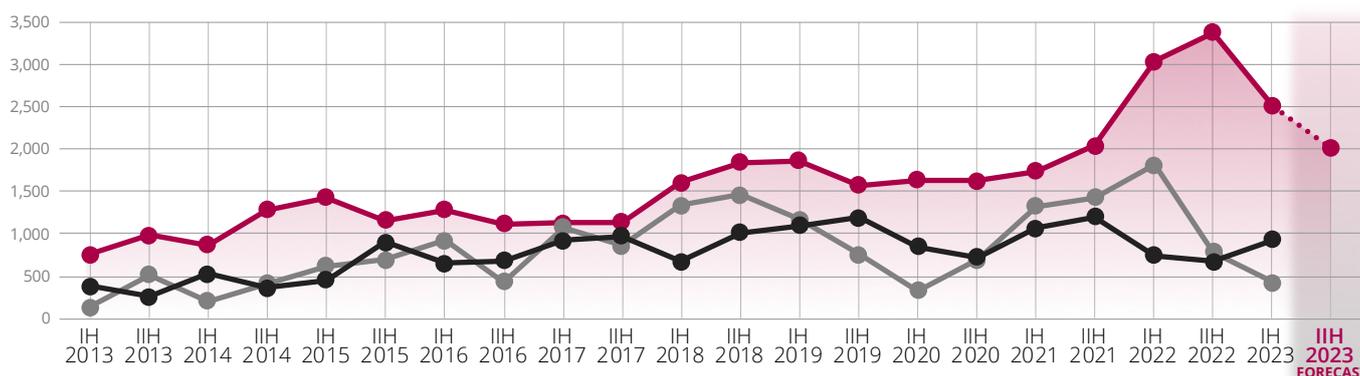
ditional construction segment, apartments in the 25-39 sqm and 40-65 sqm ranges were the most popular, accounting for 44% and 45% of transactions, respectively. Sales of apartments of this type remain at an even level due to the large share of investment purchases. Such apartments are chosen not only by investors, but also by singles and young families, for whom larger apartments are too expensive.

KATOWICE + THE SILESIAN AGGLOMERATION

SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period
 number of apartments introduced onto the market in the period
 no. of apartments sold flats in the period



RELATION OF APARTMENTS SOLD TO TOTAL OFFERING PRIMARY MARKET

% of the sold offering in the given period; The data presented concern Katowice
 Source: Emmerson Evaluation based on Evaluator data



The number of newly commissioned apartments on the market in Katowice in H1 2023 dropped by 46% compared to the previous six months. Through the first half of 2023, 427 units were introduced onto the market in three districts (Brynów - Zgrzebionka Estate, Ligota-Panewniki and

Paderewskiego-Muchowiec). The offering of apartments on the primary market in Katowice decreased in the first half of 2023 by 26% compared to the previous six months and amounted to 2,507 units. The largest number of available apartments were located in the districts of

Wełnowiec-Józefowiec and Bogucice, where the share in the city's total offering was 21% each.

In Katowice, sales of apartments totalled 934 units in the first half of 2023. This represents a 39% increase compared to the previous six months. Most apartments were sold in districts located in the north of the city, such as Śródmieście, Paderewskiego-Muchowiec Estate, Brynów - Zgrzebionka Estate, and Bogucice. Joint share of the above districts in total sales amounted to 66%. These districts are characterized by the best-developed commercial and service facilities and convenient access to transportation. Higher education institutions are also located there.

The median price in Katowice on the primary market in the first half of 2023 was PLN 9,404/sqm, which marks an increase of 4% compared to the previous six months. In the Silesian Agglom-

eration, excluding Katowice, it amounted to PLN 7,079/sqm, which shows an approximate 10% increase compared to H2 2022. Prices of apartments on the primary market in the smaller cities of the Katowice Agglomeration are slowly approaching the values quoted in Katowice. One of the more expensive cities in the area is Chorzow, which neighbours the capital of the Silesian province.

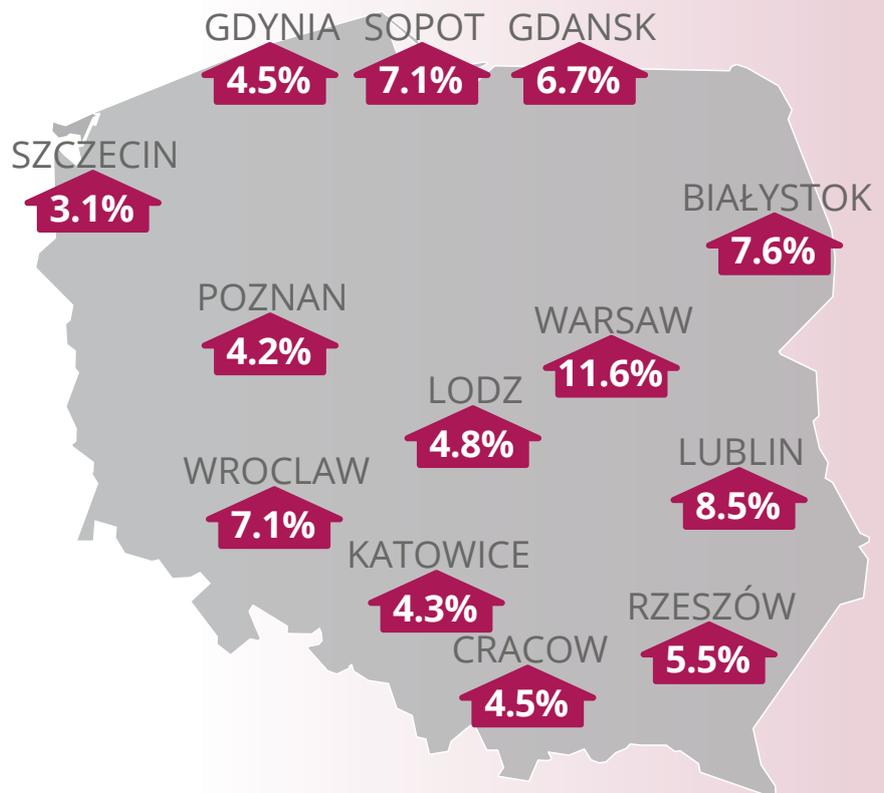
On the secondary market in Katowice and the Silesian Agglomeration, median prices increased by 3% and 2% compared to the previous six months and amounted to PLN 6,572/sqm and PLN 5,096/sqm, respectively. The most frequently purchased apartments in the traditional construction segment in Katowice had an area in the 40-65 sqm range and accounted for 53% of transactions.



RESIDENTIAL RENTAL MARKET

ANNUAL CHANGES IN MEDIAN RENTAL RATES

In calculating median rents, losses incurred in negotiations were taken into account in the amount of 5% of the bid rent. The analysis assumes net monthly rental rates, i.e. not including administrative fees, fees for parking space, storage units and costs incurred for utilities.



The situation on the long-term rental market stabilized in the first half of 2023 compared to the end of the previous six months. In the first half of this year, interest in renting apartments did not decline.

Despite the recovering demand and the availability of the 2% Safe Mortgage Loan program, the people who purchased an apartment recently remain active on the rental market until they move into their own unit. Those who are unable to purchase their own apartment despite government support, or those who do not plan to purchase one in the future, will also continue to seek housing on the rental market.

In the analysed markets, the largest increases in rental rates compared to the second half of 2022 were recorded in Warsaw, where the change amounted to 11.6%. High increases were also recorded in cities close to the eastern border, with a change of 8.5% in

Lublin and 7.6% in Białystok. The smallest increases occurred in Szczecin, where rents rose by 3.1% over the six months.

The rate of return shows that investing in apartments for rent can still be attractive. An additional benefit is the increasing value of the apartment over time with the current upward trend in the real estate market.

Rental profitability rates in the first half of 2023 compared to the end of 2022 remain at a similar level. In the first half of the year, average rental yields were between 2.1% and 5.2%. The highest yields were again achieved by 1-bedroom apartments - from 3.3% in Sopot to 5.2% in Gdansk, Katowice and Lodz. For 2-room apartments, yields reached from 2.2% in Sopot to 5.1% in Katowice. For 3-room apartments, on the other hand, yields range from 2.1% in Sopot to 4.8% in Katowice.

RANGE OF RENTAL HOUSING YIELDS IN IH2023

	1 ROOM	2 ROOMS	3 ROOMS
KATOWICE	5.2%	5.1%	4.8%
SZCZECIN	5.1%	4.9%	4.2%
LODZ	5.2%	4.6%	4.1%
WROCLAW	5.1%	4.7%	3.8%
GDANSK	5.2%	4.7%	3.6%
LUBLIN	5.0%	4.7%	3.7%
POZNAN	4.6%	4.4%	4.0%
GDYNIA	4.4%	4.6%	3.7%
WARSAW	4.7%	4.4%	3.4%
CRACOW	4.8%	4.2%	3.1%
BIAŁYSTOK	4.1%	4.4%	3.5%
RZESZÓW	4.2%	3.5%	3.8%
SOPOT	3.3%	2.2%	2.1%

RATE OF RETURN

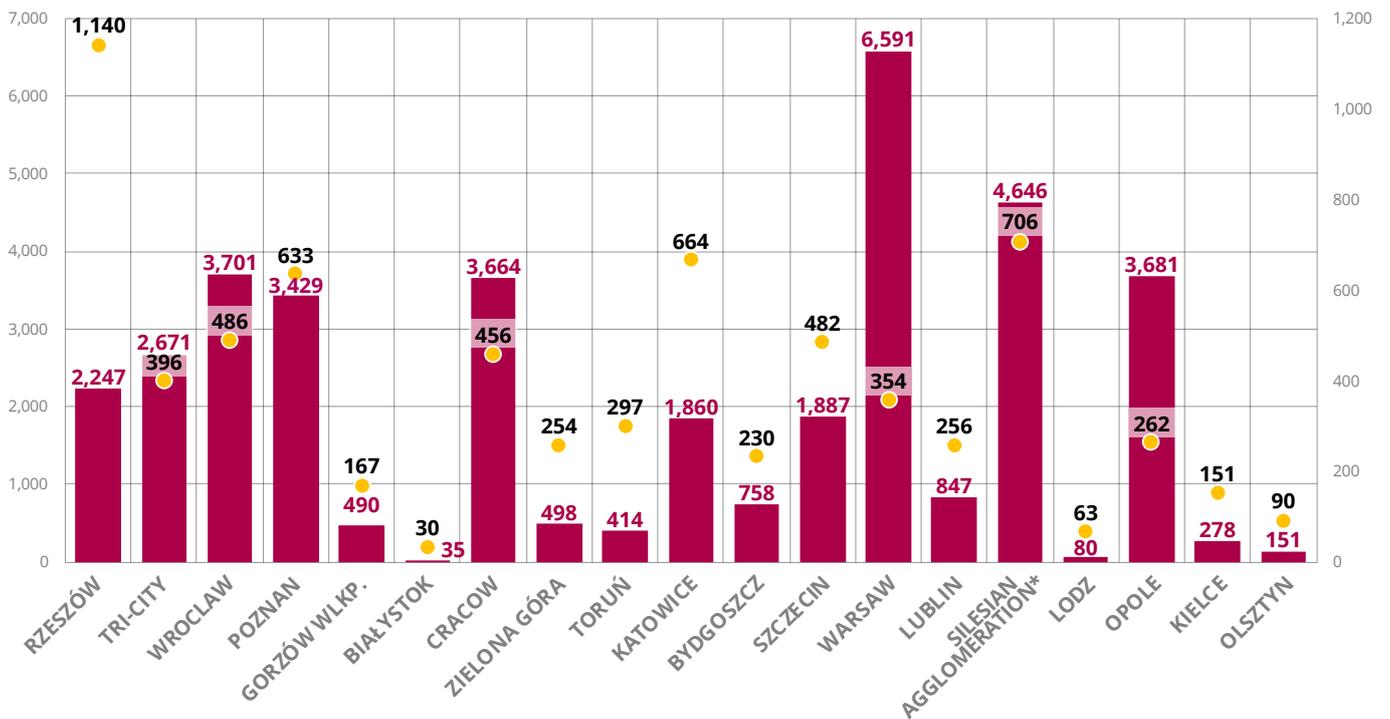
The rental yield was calculated as the ratio of the annual income obtainable from rental to the transaction price of the apartment. The transaction price was increased by the cost of finishing the apartment (in the case of apartments purchased on the primary market) and the cost of renovating the apartment to prepare it for rental (in the case of transactions from the secondary market). The cost of the renovation was assumed as 50% of the costs incurred for finishing the apartment. Rental income from the apartment has been reduced by the amount that the landlord allocates for the renovation of the apartment scheduled once every 10 years from the moment of starting its rental. The above amount was calculated by multiplying the area of the apartment by 50% of the finishing costs. The model adopted takes into account a flat tax on rental income of 8.5% and the loss of income associated with the 2-month period set aside for tenant search.

BUILDING PERMITS

ANALYSIS OF BUILDING PERMITS ISSUED PER 100 THOUSAND INHABITANTS

number of apartments for which building permits were issued in IH2023 (total) ■
 number of housing units for which building permits were issued per 100,000 residents in 2023 ●

*Silesian agglomeration: Chorzów, Jaworzno, Dąbrowa Górnicza, Gliwice, Sosnowiec, Mysłowice, Ruda Śląska, Siemianowice Śląskie, Świętochłowice, Tychy, Bytom, Zabrze
 Source: Emmerson Evaluation based on GUS (the Central Statistical Office) data



FORECAST

The real estate market has been recovering since the beginning of 2023. The increased demand is due to, among other things, the announcement and entry into force of the 2% Safe Mortgage Loan program, lower inflation dynamics, and increased availability of mortgage loans.

The 2% Safe Mortgage Loan program, which has been in effect for more than two months, has resulted in further increases in housing prices. On the secondary market, some of the sellers tend to raise the prices of units up to the maximum limits stipulated by the program. Developers introducing apartments for sale on the primary market are also offering them at higher prices, adjusted to the upper limits that qualify them for the program. In our opinion, the second half of 2023 will be characterized by dynamic price increases in the real estate market, higher than those recorded in the first half of the year.

Increases in housing prices will also be influenced by the recovery of the credit market due to the loosening of the approach to assessing creditworthiness, as well as demand generated by the government's 2% Safe Mortgage Loan program (there is no limit on the number of loans granted until the end of 2023). Potential buyers are currently inclined to make a faster decision to purchase an apartment on credit due to the first

interest rate cut since May 2020, which the Monetary Policy Council introduced in September 2023. The reduction amounted to 75 basis points, meaning that the reference rate fell to 6.00%.

Although the situation on the real estate market is improving, developers are cautiously adding new developments to their offering. They are watching the market closely and in the coming months will adjust supply to the prevailing situation, which currently favours raising prices.

The supply of apartments in the cities analysed in the report is currently at a very low level from a historical perspective (with the exception of Lodz). The reduced number of apartments on offer, which is the result of increased demand and fewer units introduced onto the market recently, provides further arguments for price increases. The decreasing availability of building land in city centers and other attractive areas also contributes to the increasingly higher prices per sqm of apartments in the most attractive locations. Time-consuming administrative procedures, as well as changing regulations, are prolonging the period of introducing new apartments for sale and completing new investments. As a result, the gap between increased demand and limited supply may grow bigger.

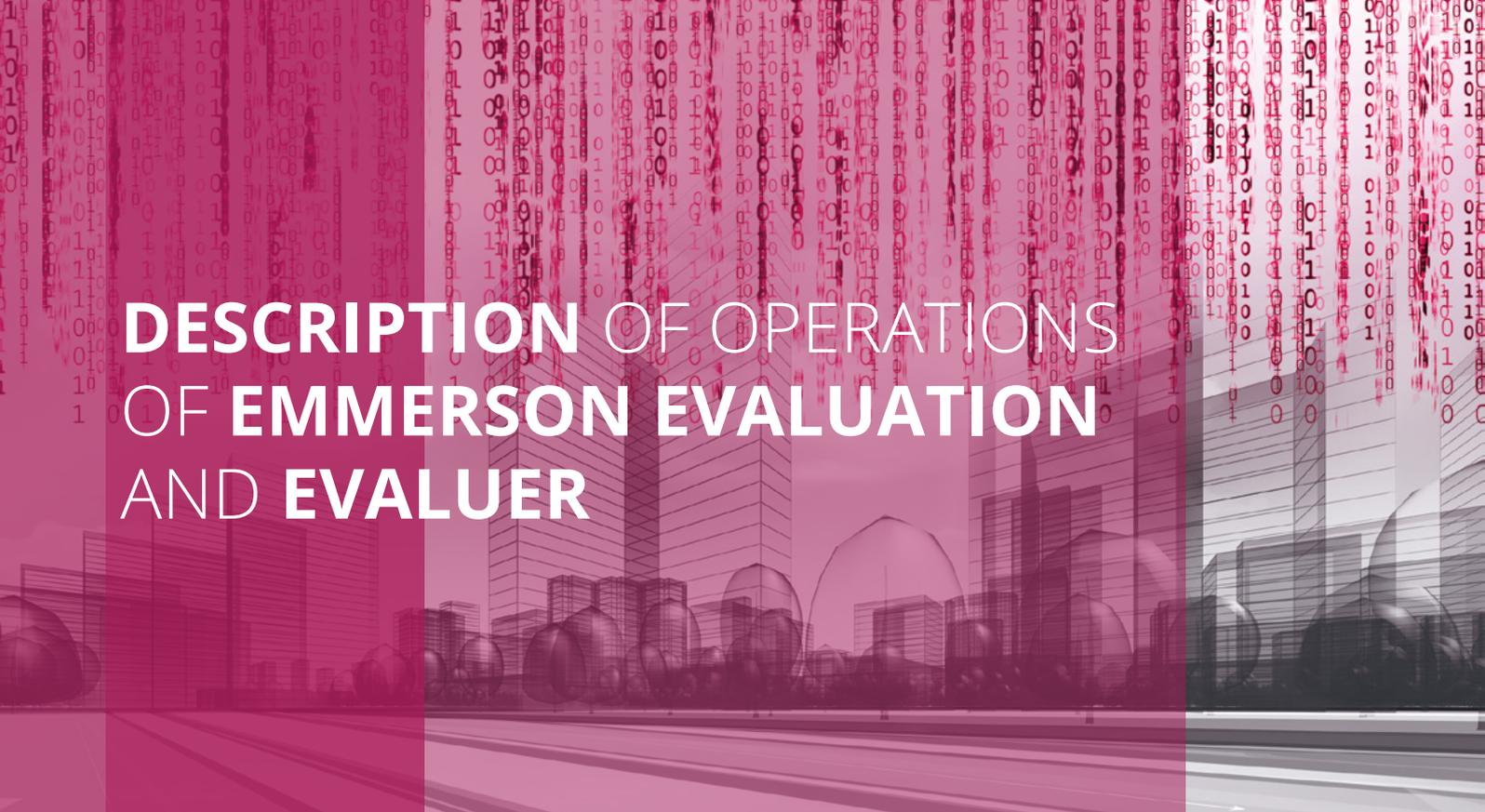
The real estate market may be affected by an amend-

ment to the law containing changes to the tax on civil law transactions. As of August 31, 2023, new regulations will come into effect, introducing an exemption from the civil law transaction tax (PCC) on the purchase of an apartment or house from the secondary market. The exemption will be available to a buyer who does not own any other property as an individual on the day before the purchase. The next condition for the PCC exemption is that the property must be inhabited by the buyer or his family members, so the purchase for investment purposes is excluded. This is therefore an incentive for those who plan to purchase their first apartment on the secondary market.

At the beginning of 2024, a second major change will take effect, related to the introduction of a 6% PCC rate. This level of tax will apply to the purchase of the sixth and subsequent apartments, which are purchased in one or more buildings developed on one plot of land, but also to a share in these units. This is an unfavorable change for those who buy apartments for investment purposes as well as for those buying sets of apartments.

The amendment to the Law on Planning and Development, passed on May 26, 2023, will undoubtedly have an impact on the real estate market and the investment land market. The provisions, which will take effect within 30 days of its promulgation (a longer period is provided for selected provisions), provide for significant changes such as the introduction of new planning tools and modifications to existing ones. One of them is integrated investment plans, which will replace and modify the solutions of the special housing law. On the basis of this particular form of local plan, it will be possible to implement a main investment (including housing), as well as a complementary investment benefiting the municipality (e.g. technical infrastructure, educational facilities). The amended law may also impact the investment land market. According to the amendment, land development decisions issued in the absence of a local zoning plan will be valid only for a period of 5 years. Decisions that became final before the effective date of the amendment will continue to be valid indefinitely.





DESCRIPTION OF OPERATIONS OF EMMERSON EVALUATION AND EVALUER

Emmerson Evaluation Sp. z o.o. has been operating since 2008 and provides appraisal services for residential, commercial real estate (offices, retail, warehouses, development investments, hotels). The Company performs valuations for all purposes, including, among others, debt protection, financial statements and evaluation of profitability of purchase or sale. It also has extensive experience in the valuation of large property packages, fixed asset valuation and market analysis. All studies prepared by Emmerson Evaluation are in accordance with Polish and international standards. The company has regional offices in 7 major Polish cities and employs over 60 real estate specialists, including 30 appraisers. Emmerson Evaluation offers its services primarily to banks, residential and commercial developers, investment funds and listed companies.

Evaluier Sp. z o.o. is a company providing EVALUER Transaction Database and analytical reports on various segments of the real estate market. The area of activity of Evaluier Sp. z o.o. includes preparing reports and analyses on the real estate market on the basis of data obtained from developers, as well as collected in the EVALUER Database and monitoring the primary market in major Polish cities. In addition, the company maintains and makes available the EVALUER database containing transactional data from the real estate market (currently more than 2,000,000 transactions from across the country).

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